

FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



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BY ELECTRONIC MAIL

September 14, 2020

Mr. Frank Vazquez
EIF PR Resource Recovery LLC
frankvazquez341@hotmail.com

Re: Puerto Rico Electric Power Authority

Dear Mr. Vazquez:

I am writing on behalf of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) in response to your letter of July 15, 2020 regarding the Arecibo Resource Recovery Project and your request that the Oversight Board not proceed with the rejection of the Power Purchase and Operating Agreement (the “PPOA”) between Energy Answers Arecibo, LLC and the Puerto Rico Electric Power Authority (“PREPA”), dated December 4, 2009. We also note the Informative Motion filed by EIF PR Resource Recovery LLC with respect to this PPOA.

Please be advised the decision to terminate this PPOA was made by PREPA, after which PREPA included the PPOA on the list it submitted to the Oversight Board for rejection. We understand PREPA reached this determination because (a) construction of the project has not commenced in the more than ten years since the PPOA was executed, (b) the eventual cost of the energy produced by this project will be significantly higher than the current market pricing for renewable energy, as determined by PREPA’s Governing Board, and (c) perhaps most importantly, waste-to-energy projects no longer qualify as renewable energy resources pursuant to Section 1.4 of Act 82-2010, as amended by Act 17-2019. We reviewed this PPOA and the reasons for termination and agree with PREPA’s conclusion. We therefore intend to proceed with the rejection motion.

Mr. Vazquez
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Because we have reached this conclusion and the matter is with now before the Title III court, we do not believe a meeting on this contract is necessary or appropriate and therefore decline your request.

Sincerely,

Natalie A. Jaresko
Natalie A. Jaresko

cc: Mr. Omar J. Marrero Díaz
Mr. Ralph Kreil Rivera
Mr. Efrán Paredes Maisonet
Mr. Edison Avilés Deliz